

**MINUTES
OF THE SPECIAL MEETING OF THE
EDINA CITY COUNCIL HELD AT CITY HALL
ON JANUARY 18, 2005 AT 5:30 P.M.**

ROLLCALL Answering rollcall were Members Housh, Masica, Swenson and Mayor Hovland.

Mayor Hovland explained the purpose of the meeting was to receive information on the City's Neighborhood Roadway Reconstruction Program and the potential methods of funding an expanded program.

Wayne Houle, City Engineer, reviewed the City's Neighborhood Roadway Reconstruction Program. He explained that most city streets have a useful life of approximately 25-30 years. After that length of time, the pavement becomes brittle and very costly to patch, fill cracks and seal coat. Mr. Houle said evidence of a need for reconstruction includes alligator and edge cracking. Mr. Houle used a map to highlight that over fifty percent of Edina's neighborhood streets are over 35 years old. He said that staff analyzes: road replacement, adding curb and gutter, utility improvements needed, street lighting, sidewalks, and the potential of burying the overhead utilities.

Mr. Houle said that staff has mapped out proposed neighborhoods needing roadway reconstruction through 2014. He stated reconstructing streets maintains the City's infrastructure, adding benefits include more cost-effective maintenance, reduction of pavement failure, drainage control, aids street cleaning and snow plowing, and improves roadway safety.

Mr. Houle explained the General Fund Street Maintenance budget currently covers: seal coating, patching, snow removal and street sweeping. He said historically all improvement projects for non state-aid roadways were funded 100% through special assessments to the benefited property owners. Mr. Houle stated the improvement cost varied depending upon: density of neighborhood, geometrics of roadway, and whether curb and gutter were involved. Mr. Houle gave some typical roadway reconstruction costs:

- Pavement only (reclaim) \$4,000 for ¼ Acre lot
- Pavement only (reclaim) \$10,000 for 1.5 Acre lot
- Added cost curb and gutter \$7,000 for ¼ Acre lot
- Added cost curb and gutter \$15,000 for ½ Acre lot

Mr. Houle explained when the entire cost of the improvement has been specially assessed to the benefited property owners, 20 percent were paid in full immediately while the remaining 80 percent let the assessments run through the ten-year amortization with interest currently charged at six point and one-half percent. In addition, Mr. Houle said the Utility Fund covers the cost of any needed improvement to the water or sewer systems and thus are borne by all users.

In the past, \$500,000 in neighborhood roadway reconstruction was annually completed. Mr. Houle explained it was now necessary to complete \$3 million in such projects each year.

Minutes/Edina City Council Work Session/January 18, 2005

Eric Anderson, Assistant Manager explained that when the City was only financing \$500,000 annually, it was capable of internally handling the financing. However, with the reconstruction program approaching \$3,000,000 annually, Mr. Anderson stated the City would need to sell bonds to finance the construction. He noted bonds may be issued every two years, but improvements must be authorized before bonds can be issued, adding the City would want to time bonds around significant utility improvements to take advantage of the economy of only one issuance.

Mr. Anderson noted that funding improvements totally through special assessments could result in lawsuits appealing the special assessments. Funding options other than 100% assessment include:

- Levy for a percentage of the improvement and assess the balance
 - Debt levy might be necessary if the Legislature imposes levy limits
- Examine the length of the term of the special assessment
- Potential option if a transportation utility were to be authorized by legislature

Mr. Anderson reported to the Council how a number of area communities handle roadway reconstruction and its funding. Some communities fund reconstruction through:

- General Fund tax levy
- Annual General Fund tax levy plus some special assessments
- Bonds
- Franchise Fees
- Franchise fees and utility fees
- Annual General Fund levy and bonds combined

The Council discussed issues of roadway reconstruction and funding including:

- Transition issues – fairness with previous assessment methods
- General Fund Levy impacts on business in addition to residential areas
- Debt Levy adding interest component increasing the cost over the General Fund Levy
- Reviewed impact of various percentages of assessment vs. tax levy on typical residential homes valued at \$300,000.00, \$500,000.00, and \$1,000,000.00
- Whether or not improvements should be deferred based upon neighborhood opposition
- Timing of implementation of any changes to funding improvements
- Should curb and gutter be mandated

Consensus of the Council was that this was such a large issue that more time for study was needed. An additional work session was set for February 1, 2005, at 5:30 p.m. for further review and discussion.

There being no further business on the Council Agenda, the Mayor adjourned the meeting at 6:50 p.m.

City Clerk